

TRANSLATION

ALPHA EXCHANGE INC

IN THE MATTER OF

the Securities Legislation of

Québec
Manitoba
Newfoundland and Labrador
Northwest Territories
Nova Scotia
Nunavut
Prince Edward Island
Saskatchewan
Yukon

(Individually a "Jurisdiction" and collectively the "Jurisdictions")

and

the **Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

Alpha Trading Systems Limited Partnership ("Alpha LP") and **Alpha Exchange Inc.** ("Alpha Exchange")

(Alpha LP and Alpha Exchange are collectively referred to as the "Filers")

DECISION

PREAMBLE

The securities regulatory authority or regulator in each of the Jurisdictions (individually an "Exempting Regulator" and collectively the "Exempting Regulators") has received from the Filers an application for coordinated relief on April 15, 2011, as amended on February 8, 2012 to include Alpha LP as an applicant (the "Exemptive Relief Application") under National Policy 11-203 - *Process for Exemptive Relief Applications in Multiple Jurisdictions* (or, in Québec, *Policy Statement 11-203 respecting Process for Exemptive Relief Applications in Multiple Jurisdictions*) ("NI 11-203") for a decision under the securities legislation of the Exempting Regulators (the "Legislation") for an exemption from the requirement to be recognized as a stock exchange, an exchange, or a self regulatory organization (the "Exemptive Relief Sought"), the whole as set out in Schedule A.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions for a coordinated review application and in accordance with NI 11-203:

- (a) The Autorité des marchés financiers (the "AMF" or the "Principal Exempting Regulator", as the case may be) is the principal exempting regulator for the Exemptive Relief Application; and
- (b) This decision is the decision of the Principal Exempting Regulator and evidences the decision of each other Exempting Regulator.

INTERPRETATION

Terms defined in National Instrument 14-101 – *Definitions* (or, in Québec, *Regulation 14-101 respecting Definitions*) have the same meaning if used in this decision, unless otherwise defined hereinafter.

In this decision,

“Alpha Issuer” means a person or company whose securities are listed on either of the two Listing Markets, as hereinafter defined;

“Alpha Member” means a person or company that has been granted direct trading access rights by Alpha Exchange and is subject to regulatory oversight by Alpha Exchange, and the person or company’s representatives; and

“Rule” means a rule, policy, or other similar instrument of Alpha Exchange, including but not limited to, trading policies and listing handbooks.

BACKGROUND

The *Memorandum of Understanding respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems* among Alberta Securities Commission, AMF, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission (the “OSC”) and Saskatchewan Financial Services Commission came into effect on January 1, 2010 (the “MOU”).

Alpha LP, Alpha Trading Systems Inc., Alpha Services Inc. and Alpha Exchange have filed with the OSC an application dated April 4, 2011, and amended as at November 18, 2011 to include Alpha Services as an applicant, requesting recognition of each of Alpha LP and Alpha Exchange as an exchange (the “Recognition Application”).

On April 15, 2011, the Principal Exempting Regulator published the Exemptive Relief Application in the Bulletin of the Autorité des marchés financiers (2011-04-15, Vol. 8, No. 15, 665) and invited interested parties to make comments in writing. This publication evidenced the fulfillment of all requirements for publication pursuant to the Legislation.

On December 8, 2011, the OSC recognized each of Alpha Exchange and Alpha LP as an exchange, subject to the terms and conditions set out in the recognition order (the “Recognition Order”). The Recognition Order will be effective as at the later of: (a) February 1, 2012; or (b) the date the operations of Alpha ATS L.P. (“Alpha ATS”) have been legally transferred to Alpha Exchange. The operations of Alpha ATS have not been legally transferred to Alpha Exchange on the date hereof.

On September 16, 2008, certain Exempting Regulators granted exemptive relief to Alpha ATS from the requirement to be registered as a dealer under *Regulation 21-101 respecting Marketplace Operation* to carry on business as an alternative trading system.

On October 9, 2008, certain Exempting Regulators granted exemptive relief to Alpha ATS from the requirement to be recognized as an exchange. Since the operations of Alpha ATS are to be legally transferred to Alpha Exchange, such exemption orders will no longer be applicable at the time of the transfer.

REPRESENTATIONS

This decision is based on the following representations of the Filers:

- Alpha Exchange intends to operate two separate and distinct listing markets referred to as "Alpha Main" and "Alpha Venture Plus" (individually a "Listing Market" and collectively the "Listing Markets");
- Before approving an issuer to be listed on any of its Listing Markets, Alpha Exchange will obtain from that issuer, and file with the relevant Exempting Regulator, a copy of the undertaking that it signed in favour of this Exempting Regulator (the "Issuer Undertaking");
- Alpha Exchange has offices in Toronto, Ontario and does not have offices in any of the Jurisdictions;
- Alpha Exchange agrees to be subject to the oversight program established by the OSC from time to time in accordance with the provisions set forth in the MOU and to comply with the terms and conditions of the Recognition Order;
- Alpha Exchange will offer a wide range of services, in French and in English, to Alpha Issuers and Alpha Members; and
- The Filers are neither in default of the Legislation in any Jurisdiction nor of the securities legislation of Ontario.

DECISION

Each of the Exempting Regulators is satisfied that the decision meets the test set out in the Legislation for each Exempting Regulator to render this decision.

The decision of the Exempting Regulators under the Legislation is that the Exemptive Relief Sought is granted provided that:

1. OPERATION OF THE EXCHANGE

Alpha Exchange will operate two separate and distinct Listing Markets.

2. CORPORATE GOVERNANCE

- a) The Filers will ensure fair, meaningful and diverse representation on the governing body (the "Board") and any committees of the Board, including:
 - (i) Appropriate representation of independent directors; and
 - (ii) A proper balance among the interests of the different persons or companies using the services and facilities of the exchange, including regional interests.

3. CONTINUING RECOGNITION

The Filers will continue to be recognized as an exchange by the OSC and to comply with the terms and conditions of the Recognition Order.

4. OVERSIGHT OF THE EXCHANGE

Alpha Exchange will be subject to the oversight program established by the OSC from time to time in accordance with the provisions of the MOU.

5. REVIEW AND APPROVAL OF RULES

- a) The review and approval of the Rules will be subject to the following procedure:
 - (i) All proposed amendments to the Rules filed with the OSC by Alpha Exchange will be concurrently filed with the Principal Exempting Regulator;
 - (ii) All proposed amendments to the Rules that are made public for comments will be concurrently made public in English and in French by Alpha Exchange; and
 - (iii) The final versions of the Rules will be filed with the Principal Exempting Regulator and be approved by the OSC in English and in French.
- b) The Rules will be available in English and in French on the Web site of Alpha Exchange.

6. LISTING ACTIVITIES

- a) Alpha Exchange must take all steps necessary to differentiate and distinguish the Listing Markets operated by Alpha Exchange so that the separate and distinct nature of each Listing Market and the listing standards applicable to each Listing Market are clear.
- b) Before approving an issuer to be listed on any of its Listing Markets, Alpha Exchange will obtain from that issuer, and file with the relevant Exempting Regulator, a copy of the Issuer Undertaking.
- c) The Issuer Undertaking may be modified from time to time by each Exempting Regulator.

7. ADDITIONAL INFORMATION

- a) The Filers shall file with the Principal Exempting Regulator any related information concerning Alpha Exchange that is required pursuant to National Instrument 21-101 - *Marketplace Operation* (or, in Québec, *Regulation 21-101 respecting Marketplace Operations*).
- b) Alpha Exchange shall file with the Principal Exempting Regulator copies of its annual assessment of the performance by the Investment Industry Regulatory Organization of Canada ("IIROC") of the regulation services it provides to Alpha Exchange, and of its self-assessment of the performance by Alpha Exchange of

any regulation functions not performed by IIROC, and of the report provided to the Board, together with any recommendations for improvements. Alpha Exchange shall also file with the Principal Exempting Regulator a copy of any proposed actions arising therefrom and provided to the OSC.

- c) Alpha Exchange shall concurrently file with the Principal Exempting Regulator copies of these documents filed with the OSC:
 - (i) On a quarterly basis, reports summarizing all exemptions or waivers granted pursuant to the Rules to any Alpha Issuer or Alpha Member during the period. This summary must include the following information:
 - a. The name of the Alpha Issuer or Alpha Member;
 - b. The type of exemption or waiver granted during the period;
 - c. The date of the exemption or waiver; and
 - d. A description of Alpha Exchange staff's reasons for the decision to grant the exemption or waiver.
 - (ii) On a quarterly basis, reports containing the following information:
 - a. The number of listing applications filed;
 - b. The number of listing applications that were accepted;
 - c. The number of listing applications that were rejected and the reasons for rejection, by Listing Market; and
 - d. The number of listing applications that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by Listing Market.
 - (iii) Press releases setting out the reasons for the suspension of trading or delisting of an Alpha Issuer's listed securities.

8. ACTIVITIES

- a) Alpha Exchange will communicate and offer a wide range of services in English and in French to Alpha Issuers and Alpha Members, including listing, continued listing and follow-up services, as well as membership services, of a quality equivalent to those offered in Ontario.
- b) Alpha Exchange must publish concurrently in English and in French each document issued to the public at large or generally to any Alpha Member or Alpha Issuer and must provide the document to the Principal Exempting Regulator immediately upon publication, including forms, releases, notices and other documents issued to Alpha Members, Alpha Issuers or to the public.
- c) The French version of the Web site of Alpha Exchange must be updated at the same time as the English version and must be comprised solely of French documents.

9. ACCESS TO INFORMATION

- a) Subject to the terms of the MOU, Alpha Exchange will provide the Exempting Regulators when requested either directly or through the OSC, as the case may be, any information in the possession of Alpha Exchange relating to Alpha

Members, Alpha Issuers and the market operations of Alpha Exchange, including but not limited to, member lists, products, trading information and disciplinary decisions, the whole in accordance with the provisions set out in the Legislation, privacy legislation, as well as in any other laws pertaining to the collection, use and disclosure of information and the protection of personal information applicable in the Jurisdictions.

- b) The Filers shall protect the confidentiality of the information provided to them in connection with their operations, in accordance with applicable laws in the Jurisdictions.

If the Filers fail to comply with one or more of the conditions set forth in this decision applicable to them, the Exempting Regulators may review or revoke this decision.

This decision will become effective at the date the operations of Alpha ATS have been legally transferred to Alpha Exchange, which date will be confirmed in a notice to be published by the Principal Exempting Regulator in the Bulletin of the Autorité des marchés financiers.

This March 13, 2012.

Mario Albert
President and Chief Executive Officer
Autorité des marchés financiers

SCHEDULE A

Exempting Regulators	Sections in Legislation: (a) Exemptive Relief Sought (b) Exempting provisions
Autorité des marchés financiers	(a) Title VI, s. 169 (b) S. 263
Manitoba Securities Commission	(a) Part XIV, s. 139(1) (b) S. 167
Northwest Territories Superintendent of Securities	(a) S. 70 (b) S. 16
Nova Scotia Securities Commission	(a) S. 30 (b) S. 151A
Nunavut Superintendent of Securities	(a) Part 7, s. 70 (b) Part 2, s. 16(1)
Prince Edward Island Registrar of Securities	(a) Part 7, s. 70(a) (b) S. 16.1
Saskatchewan Financial Services Commission	(a) Part V, s. 25 (b) S. 160
Securities Commission of Newfoundland and Labrador	(a) Part VIII, s. 24(1) (b) Ss. 138.19 and 142.1
Yukon Superintendent of Securities	(a) Part 7, Division 1, s. 69 (b) Part 2, Division 2, s. 16(1)